

public consider appropriate. In various waves of the British Social Attitudes Surveys, the public consistently support a ratio of 6:1 (Heath, 2010 forthcoming).

The wealthy have benefitted greatly from tax cuts and other economic changes since the 1980s. It is time for them to make a fairer contribution to the public purse. The

Government is currently taking a very 'softly-softly' approach towards this group while at the same time taking a hard line against people on benefits. We need policies that will produce a fairer system from the start, in terms of wages policy, and then a tax policy which ensures that those who can afford to do so, contribute more.

FROM THE POLITICS AND POLICY OF THE CUTS TO AN OUTLINE OF AN OPPOSITIONAL STRATEGY

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There have been reductions in public expenditure previously, for example under the Labour Governments of the 1970s and Conservative ones of the 1980s, which were also accompanied by colourful anti-state rhetoric. However, they pale in comparison with the present Con-Dem Coalition Government's proposals contained in the Comprehensive Spending Review (CSR). These cuts, if achieved, presage the largest sustained and deepest retrenchment in public spending since the 1920s. Their scale and potential negative impact demands a concerted response from the social policy community, one which extends beyond scientific analysis to open campaigning. This will not be to everyone's taste, after all social policy is a very broad, hybrid, multidisciplinary mix but, at the very least, there should be an informed national debate about our response to the present unprecedented attacks on the welfare state. Here we set out some ideas about the key points on which this debate might be focused and outline a possible oppositional strategy for social policy.

THE DEFICIT

The essential starting point for an alternative policy to the cuts must be the public sector deficit and, in particular, the astonishing political transformation of a global private

financial sector crisis into a national public spending one. The discourses involved in achieving this amazing act of blame shifting are almost identical to those employed by the first Thatcher Government in the early 1980s and reflect perennial neo-liberal formulations. Back then, when facing a budget deficit, it was asserted, first, that 'there is no alternative' to public expenditure cuts because 'public expenditure is at the heart of Britain's economic difficulties' (HM Treasury, 1979:1). The current version has hardly been updated: deep and immediate cuts in public expenditure are unavoidable.

The attack on public expenditure by the Thatcher Government was justified on the spurious economic grounds that investment in the public sector 'crowds out' investment in the private sector. This thesis gained currency in the mid-1970s (Bacon and Eltis, 1976) but was exposed as being merely a revamped version of the familiar public burden of welfare idea which had no scientific basis (Walker, Ormerod and Whitty, 1977; Walker, 1982). Nonetheless it was seized upon by the Thatcher Government because it appeared to provide academic legitimacy for ideological conviction and it became an often quoted part of the conventional wisdom in favour of spending cuts. The then Chancellor of the Exchequer, Geoffrey Howe's first budget speech contains remarkable parallels with

the current Coalition Government's deficit discourse. For example, the third of his four key principles was 'the reduction in the borrowing requirement of the public sector ('the deficit' as we know it today) which leaves room for the rest of the economy to prosper' (Hansard, vol 968, 12 June 1979: 240). Today we are told, with equal certainty, that cuts in the public sector will be compensated for by growth in the private sector, although the passage of time seems to have removed the need for any scientific evidence to support this claim. Another striking parallel is that the Conservative Government's cuts discourse 30 years ago was accompanied by an appeal to 'Victorian values' such as self-help and community support. Fast forward and now we have the 'Big Society' which, while it acknowledges that there is such a thing as society, appears to have the same anti-state underpinnings.

In response to the Coalition Government's ideological assertions it is important to endeavour to recast the politics of the deficit in a more enlightened direction. This is because, on the one hand, the public sector is a crucial source of welfare and social justice. Of course it is much more than that, including a source of injustice, but this is not a simplistic defensive strategy that we are proposing. On the other hand the social costs of the deficit reduction strategy will not be shared evenly but are set to fall hardest on those most reliant on social security and public services (Brown and Levell, 2010b).

There are three potentially fruitful avenues down which we may seek a recasting of the politics of the deficit. First of all, as in the early 1980s, it is important to closely scrutinize the evidence assembled for the scale and speed of the actions being taken to reduce the deficit. This will demonstrate that the main engine is an ideological necessity rather than an economic one. For example, we might question the apparently widely accepted but erroneous official assessment about the extent and significance of the deficit. Quite simply the public debt threat has been blown out of proportion: it is large but not in historical terms (250 per cent of GDP after the Second World War, never below 100 per cent from 1920 to 1960, and 70 per cent now). Nor is it excessive in comparative

terms: gross government debt averages 115 per cent in the G7 countries, including 80 per cent in France and Germany, 90 per cent in the US and 230 per cent in Japan (Cottonelli and Schaechter, 2010). The Office of Budget Responsibility (2010) notes that the measures proposed in the Labour Government's March 2010 Budget would have halved the deficit in 4 years. In response to the assertion that there is no alternative, there are in fact many; such as a 50 per cent tax rate on incomes over £100,000 (which would raise £4.7 billion per annum), closing tax loopholes (£25 billion), a tax on vacant housing (£5 billion) and a Tobin (Robin Hood) Tax (£20 billion) (Dolphin, 2010).

Secondly, a sustained focus must be on the social consequences of the Government's deficit reduction strategy and, in particular, their distributional impact on poverty and inequality. This is the route by which the assertion of 'fairness' can be cross-examined. The first detailed assessment of the Coalition's policies by the Institute for Fiscal Studies (IFS), following the emergency budget in June 2010, revealed the regressive outcome: the poorest 10 per cent of households will lose 5 per cent of their income as a result of the proposed changes between 2010 and 2014, while the top 10 per cent will lose less than 1 per cent (Brown and Levell, 2010b). The IFS reached the same negative conclusion on the CSR: by 2012/13 the impact on the net incomes of the poorest decile in the income distribution will be ten times greater than on the richest one and, overall by 2014/5, the impact on the former will be three times greater than on the latter (O'Dea, 2010). Treasury analysis of the CSR suggests progressivity, but omitted reforms likely to fall most heavily on the poor, such as those to Housing Benefit, Employment Support Allowance, Disability Living Allowance and Council Tax Benefit. In contrast to the heaviest burden of the deficit reduction strategy being imposed on the poorest people, the total pay awarded to the top executives in the FTSE 100 companies rose by 55 per cent in the year to June 2010, a period in which the FTSE 100 gained less than 20 points (IDS, 2010). In the last decade these companies lost 19 per cent of their value but their chief executives' pay increased by 160 per cent on average. The financial crisis originated

in the banking sector and it should be subjected to particularly close scrutiny. So far the heady pre-election rhetoric about squeezing bankers' bonuses has not resulted in any significant action. In fact, in the repeat of history as tragedy, it appears that it is the same groups of people who lose the most: poor working families with children and those dependent on social security benefits. In other words it is those same families who are losing Educational Maintenance Allowance, Housing and Council Tax Benefit, Working Tax Credit, Childcare Tax Credits and others. The slight increase in Child Tax Credit of less than £3 per week is but a fraction of these multiple losses.

The third focus of attention should be the deficit discourse itself. As in previous eras of strong neo-liberal political ascendancy, the present discourse is designed to perform the important political functions of both legitimisation and diversion from fundamental questions of causation and just desserts in financing the deficit. Thus, when attention is focused on the deficit as the main problem, there is less opportunity to question the role of the financial institutions in causing the global debt crisis and the need for radical reform of the international finance system. For example, the influence of the credit rating agencies, given the role by politicians of arbiters of Britain's economic strategy, must be questioned. Rather than subjecting the banks' sub-prime mortgages to close scrutiny, or due diligence, in the lead up to the financial collapse, they awarded them their highest rating – triple A. A pertinent question is why these private sector organizations, which are deeply implicated in the debt crisis, are suitable to assess this or any other country's credit worthiness. Similar questions should be directed at the deficit rhetoric. For example, the assertion that public investment will be replaced by private investment (crowding back in) does not bear scrutiny. The National Institute of Economic and Social Research (NIESR) (Barrell, 2010) concludes that government spending cuts will reduce potential growth every year from 2011 to 2015. The real driving force is a reprise of the Thatcher dogma that the public sector is too large. As the Treasury minister put it when winding up the debate on the 2010 Finance Bill, 'we cannot afford a public sector of the size to

which it has grown'. For the record, public expenditure is currently 45 per cent of GDP compared with 44 per cent in Germany, 53 per cent in France, 52 per cent in Sweden and an OECD average of 40 per cent.

ELEMENTS OF AN OPPOSITIONAL STRATEGY

What contribution should the social policy community be making to the case against the scale, speed and distribution of the present deficit reduction policies? Because of our discipline's close proximity to the welfare state and to the distributional consequences of social policy it is natural that it will want to play a leading role. What form might it take? In terms of content there are three critical elements.

- As outlined above, it is essential to conduct a sustained case against the present socially unjust deficit reduction strategy based on both its false claims and its negative impact on poverty and inequality. While necessary, and bread and butter to social policy analysts, this defensive stance must be combined with the framing of progressive alternatives
- A useful starting point is the universal subordination of social policy to economic policy and critiques of its particularly sharp national and global variants under neo-liberalism. This could form the basis for a more radical approach to social policy which removes it from its subordinate role (the poor person's economic policy) to a more central position. There have been various attempts to achieve this, one of the most promising of which is the social quality initiative which subsumes the economic within the social and sets practical yardsticks by which to measure the progress of society and, therefore, the effects of both economic and social policy (Beck, et al., 2001). In similar vein it is important to keep alive the alternative discourse on the purposes of growth, which had just got under way in the wake of the global debt crisis and was swamped by the deficit reduction rhetoric (Stiglitz, Sen and Fitoussi, 2009).
- The third critical element is advancing the case for social justice. The link between the Prime Minister's 'happiness' agenda and the correlation

between equality and well-being (Wilkinson and Pickett, 2009) is an obvious way into this argument. The paucity of the political debate following the Coalition Government's breach of the universal foundations of Child Benefit is a signal of our collective failure to inform the public about this central principle of the welfare state, although the politicians must bear the main responsibility. It is obvious that the case for universalism has to be re-stated for new generations. Similarly with the need for a fair and progressive tax system. These are the twin essentials for social justice both nationally and globally.

The social policy community is the best placed of all academic disciplines to advance these defensive and progressive arguments. But it is also part of the social

sciences and, therefore, will need to make common cause in this together with other cognate disciplines. This will be required also to argue against the present threat to the social sciences and arts and humanities posed by changes to tuition fees.

A broad, concerted effort is what is required to influence the public debate on the future of the welfare state. Publications such as this are necessary certainly, as well as national debates, blogs and so on. But also necessary are small scale teach-ins and debates in universities, colleges, schools and town halls, on topics such as the importance of universalism, the unequal impact of the CSR and alternative approaches to deficit reduction. If there was ever a time for the social policy community to lead a national campaign in defence of welfare and for social justice, that time is now.

*Based on our conclusion to 'Fighting Poverty, Inequality and Social Injustice'
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